

# Indiana House of Representatives

## News and Information

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### **HOUSE DEMOCRATS: UNBALANCED GOP BUDGET WILL HARM KIDS, TAXPAYERS**

INDIANAPOLIS – Republicans in the Indiana General Assembly today passed a state budget that will harm Hoosier schoolchildren and property taxpayers, according to House Democrat Leader B. Patrick Bauer (D-South Bend).

"In the days and weeks to come, those who supported this budget will describe it as 'honestly balanced,'" Bauer said. "If these supporters are honest, they should admit that it is balanced on the backs of our children and property taxpayers. After years of bipartisan efforts to reform education and reduce property taxes, the Republicans and Gov. Daniels have approved a budget that will cut funding for many schools and raise property taxes by nearly \$850 million."

Bauer said there will be many victims of the new Republican state budget.

"There are no minimum guarantees in state funding for schools, which means more than 140 school corporations will receive less money," Bauer said. "If there is any additional funding for public schools, it will come primarily from local property taxes, not the state."

"There will be reduced state support for local property taxpayers through the Property Tax Replacement Credit (PTRC), another move that will increase local property taxes," he continued. "Funding for Medicaid, the federal program that provides health care for the elderly, disabled and children, will increase by only 5 percent, even though costs are expected to rise by 10 percent."

Bauer also indicated that the Republican budget is not balanced in several different ways.

"This budget isn't balanced because the state does not make up delayed payments to school corporations across Indiana," he said. "By delaying these payments, we are forcing school corporations to borrow money with interest from banks in order to pay operating costs. If the state would live up to its obligations, it would not ignore these payments."

"This budget isn't balanced because it fails to address growth in health care costs," Bauer added. "If Medicaid costs do rise by 10 percent, the state will be responsible for paying all of those bills, even if the budget does not contain adequate funding to cover these costs. By failing to include the funding, supporters cannot claim the budget is balanced. The difference between the 5 percent budgeted and the 10 percent requested comes to more than \$270 million."

"It calls for increases in school funding, but only if local property taxes are raised. Just to make sure that schools get to the meager levels of support contained in the budget bill, local property taxes will have to be raised by nearly \$470 million," Bauer noted.

In addition to the property tax increases included for school funding, Bauer said the cap on the PTRC will increase property taxes by more than \$275 million. The budget also requires several counties that are housing juvenile offenders to repay the state for those costs, a provision that will require property tax increases of more than \$100 million.

"It is a shame that the legacy of this session will be passage of a state budget that turns its back on Indiana's schoolchildren and property taxpayers," Bauer said. "Hoosiers will have a long memory of what the Republicans in the Indiana General Assembly have done to them today with this unbalanced budget."

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